INCOMING TELEGRAM *Department of State* AVFIT-45 R

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DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY _____ DATE 25 MAY 1982
RDS☐or XDS☐EXT. DATE _____
TS AUTH. _____ REASON(S) _____
ENDORSE EXISTING MARKINGS ☐
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RELEASE DENIED☐
PA or FOI EXEMPTIONS _____

Rome 6325

CIVAIR FROM USDEL

REF: (A) STATE 203874; (B) ROME 6287

1. THIS DEALS FURTHER WITH QUESTION WHETHER OR NOT TO TRY TO EXTEND AGREEMENT. SEE PARA 6 REFTEL A; PARA 9 REFTEL B.

2. IF ITALIANS ON MAY 29 SHOW SUBSTANTIAL SOFTENING OF THEIR POSITION ON ROUTES, MAKING IT LIKELY THAT WITHIN MATTER OF 10 DAYS OR SO WE COULD REACH AGREEMENT THIS SESSION, WE THINK IT IS DESIRABLE TO STOP CLOCK BY EXTENDING AGREEMENT. WE THINK SUGGESTING THIS, IN THIS CIRCUMSTANCE, WOULD NOT BE SIGN OF WEAKNESS. WE DO NOT THINK ITALIANS WILL BE TOO INTERESTED IN EXTENSION OF AGREEMENT, BUT WE WOULD PROPOSE IT ANYWAY, AND WE DO NOT READ PARA 6 REFTEL A AS PROHIBITING THIS.

3. A MUCH HARDER PROBLEM IS CREATED IF WE HAVE NO REASON TO EXPECT POSSIBLE RESOLUTION IN CURRENT GO-AROUND. WE THEN HAVE SEVERAL CHOICES:

A) TRY TO EXTEND AGREEMENT FOR SOME PERIOD LIKE 120 DAYS;
B) ALLOW SYSTEM OF RECIPROCAL PERMITS TO COME INTO EFFECT, AND DEAL WITH THE ISSUE IN THE PROCESS OF HANDLING ALITALIAN RENEWAL APPLICATION;
C) GO ON PERMIT SYSTEM BUT, TO EXTENT WE CAN, STATE IN CLOSING DAYS THIS NEGOTIATION THAT ALITALIA PERMIT WILL BE GRANTED ONLY FOR A FIXED PERIOD (SUCH AS TO SEPTEMBER 30) AND THAT IF NO AGREEMENT BY THEN, NO FURTHER AUTHORITY FOR ALITALIA TO SERVE US. THIS FOLLOWS ESSENTIALLY PANAM SUGGESTION IN THEIR MEMO OF MARCH 16.

4. PRINCIPAL DISADVANTAGE OF 3(A) IS THAT IT CAN BE READ AS SIGN THAT US IS UNWILLING TO FACE CRISIS AND CAN BE EXPECTED TO SOFTEN ITS POSITION. IT TAKES SOME PRESSURE OFF ITALIANS.

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5. PRINCIPAL DISADVANTAGE OF 3(B) IS THAT IF AGREEMENT ENDS NOW AND SERVICE CEASES SOME TIME LATER BECAUSE OF US ACTION ON ALITALIA PERMIT , THE US LOOKS LIKE THE AGGRESSOR AND THE LINK BETWEEN CESSATION AND ITALIAN DENUNCIATION IS MUTED OR LOST. THIS IS ESPECIALLY TRUE IF USG NOT WILLING TO FACE CESSATION IN

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MIDSUMMER WHEN THOUSANDS OF US CITIZENS ARE ABROAD AND INCONVENIENCED IN THEIR EFFORTS TO RETURN HOME. A SECONDARY PROBLEM WITH 3(B) IS THAT IN PAST US AVIATION POLICY HAS TRIED TO DISCOURAGE EXCHANGE OF AIR SERVICES IN ABSENCE OF AGREEMENT.

6. PROBLEMS WITH 3(C) ARE FIRST THAT IT WOULD REQUIRE USG NOW TO SAY THAT WE CONTEMPLATE CESSATION OF SERVICE ON SEPTEMBER 30. THAT WOULD SEEM TO BE DIFFICULT FOR USG TO DO NOW. FURTHERMORE, FOR THIS ALTERNATIVE TO BE EFFECTIVE AND DIFFERENT FROM 3(B), IT SHOULD BE SAID RATHER FLATLY. WE DON'T KNOW TO WHAT EXTENT WE COULD BE AUTHORIZED TO DO SO, OR TO WHAT EXTENT STATEMENT WOULD BE PREJUDGING CAB REGULATORY ACTION.

7. ESSENTIAL DIFFERENCE AMONG THESE CHOICES LIES ON ONE HAND IN THEIR IMPACT ON USG AND US CARRIER PUBLIC RELATIONS POSITION AND ON OTHER HAND IN THEIR DIFFERING TACTICAL IMPACT ON ITALIANS. EXTENDING AGREEMENT WOULD PUT USG IN BETTER POSITION IF CESSATION OF SERVICES EVENTUALLY OCCURS, BUT WOULD VERY LIKELY WEAKEN USG BARGAINING POSITION IWHT ITALY. CONTINUING OPERATIONS ON UNILATERAL PERMITS THROUGH SUMMER SEASON WOULD HAVE REVERSE EFFECTS. CHOICE 3(C) TRIES TO BALANCE THESE IN OPTIMUM FASHION. IT IS A CLOSE QUESTION, BUT PRESENT USDEL VIEW IS THAT CHOICES

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(B) OR (C) ARE BETTER THAN (A).

8. WILL REPORT ITALIAN POSITION AT MAY 29 MEETING IMMEDIATELY AFTERWARDS. WOULD HOPE RECEIVE GUIDANCE BY MAY 30, FOR USE WHEN TACTICALLY EXPEDIENT.

GP-3.

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